

State Statute Governing Urban Enterprise Zones (IC 6-3.1-10)

Section 8: Investment Cost Credit

Qualifying for credit; request for determination; findings; certification of credit percentage; application of credit on transfer of ownership

(a) To be entitled to a credit, a taxpayer must request the Indiana economic development corporation to determine:

- (1) whether a purchase of an ownership interest in a business located in an enterprise zone is a qualified investment; and
- (2) the percentage credit to be allowed. The request must be made before a purchase is made.

(b) The Indiana economic development corporation shall find that a purchase is a qualified investment if:

- (1) the business is viable;
- (2) the business has not been disqualified from enterprise zone incentives or benefits under IC 5-28-15;
- (3) the taxpayer has a legitimate purpose for purchase of the ownership interest;
- (4) the purchase would not be made unless a credit is allowed under this chapter; and
- (5) the purchase is critical to the commencement, enhancement, or expansion of business operations in the zone and will not merely transfer ownership, and the purchase proceeds will be used only in business operations in the enterprise zone.

The Indiana economic development corporation may delay making a finding under this subsection if, at the time the request is filed under subsection (a), an urban enterprise zone association has made a recommendation that the business be disqualified from enterprise zone incentives or benefits under IC 5-28-15 and the board of the Indiana economic development corporation has not acted on that request. The delay by the Indiana economic development corporation may not last for more than sixty (60) days.

(c) If the Indiana economic development corporation finds that a purchase is a qualified investment, the department shall certify the percentage credit to be allowed under this chapter based upon the following:

- (1) A percentage credit of ten percent (10%) may be allowed based upon the need of the business for equity financing, as demonstrated by the inability of the business to obtain debt financing.
- (2) A percentage credit of two percent (2%) may be allowed for business operations in the retail, professional, or warehouse/distribution codes of the SIC Manual.
- (3) A percentage credit of five percent (5%) may be allowed for business operations in the manufacturing codes of the SIC Manual.
- (4) A percentage credit of five percent (5%) may be allowed for high technology business operations (as defined in IC 5-28-15-1).
- (5) A percentage credit may be allowed for jobs created during the twelve (12) month period following the purchase of an ownership interest in the zone business, as

determined under the following table:

JOBS CREATED	PERCENTAGE
Less than 11 jobs	1%
11 to 25 jobs	2%
26 to 40 jobs	3%
41 to 75 jobs	4%
More than 75 jobs	5%

(6) A percentage credit of five percent (5%) may be allowed if fifty percent (50%) or more of the jobs created in the twelve (12) month period following the purchase of an ownership interest in the zone business will be reserved for zone residents.

(7) A percentage credit may be allowed for investments made in real or depreciable personal property, as determined under the following table:

AMOUNT OF INVESTMENT	PERCENTAGE
Less than \$25,001	1%
\$25,001 to \$50,000	2%
\$50,001 to \$100,000	3%
\$100,001 to \$200,000	4%
More than \$200,000	5%

The total percentage credit may not exceed thirty percent (30%).

(d) If all or a part of a purchaser's intent is to transfer ownership, the tax credit shall be applied only to that part of the investment that relates directly to the enhancement or expansion of business operations at the zone location.

As added by P.L.9-1986, SEC.8. Amended by P.L.379-1987(ss), SEC.10; P.L.289-2001, SEC.13; P.L.4-2005, SEC.58.